

2026 -- S 2817

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO TAXATION -- TAX CREDITS FOR CONTRIBUTIONS TO SCHOLARSHIP ORGANIZATIONS

Introduced By: Senators de la Cruz, and Rogers

Date Introduced: March 04, 2026

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-62-3, 44-62-4 and 44-62-6 of the General Laws in Chapter 44-
2 62 entitled "Tax Credits for Contributions to Scholarship Organizations" are hereby amended to
3 read as follows:

4 **44-62-3. Application for tax credit program.**

5 (a) Prior to the contribution, a business entity or individual shall apply in writing to the
6 division of taxation. The application shall contain such information and certification as the tax
7 administrator deems necessary for the proper administration of this chapter. A business entity or
8 individual shall be approved if it meets the criteria of this chapter; the dollar amount of the applied
9 for tax credit is no greater than ~~one hundred thousand dollars (\$100,000)~~ in any tax year, and the
10 scholarship organization that is to receive the contribution has qualified under § 44-62-2, is as
11 follows:

12 (1) Two hundred fifty thousand dollars (\$250,000) for a business entity;

13 (2) Two hundred thousand dollars (\$200,000) for a single individual; and

14 (3) Four hundred thousand dollars (\$400,000) for married individuals filing jointly.

15 (b) Approvals for contributions under this section shall be made available by the division
16 of taxation on a first-come-first-serve basis consistent with § 44-62-3(f). The total aggregate
17 amount of all tax credits approved shall not exceed one million six hundred thousand dollars
18 (\$1,600,000) in a fiscal year; provided that, the total aggregate amount of all tax credits approved

1 shall not exceed five million dollars (\$5,000,000) in fiscal year 2027 and shall increase by the
2 annual inflationary increases consistent with the increase in per-pupil spending.

3 (1) If the total aggregate amount of all tax credits approved does not meet the five million
4 dollars (\$5,000,000) cap in the current fiscal year, then the unmet percentage in the current fiscal
5 year shall be added to the aggregate amount in the next fiscal year.

6 (c) The division of taxation shall notify the business entity or individual in writing within
7 thirty (30) days of the receipt of application of the division's approval or rejection of the
8 application.

9 (d) Unless the contribution is part of a two-year plan, the actual cash contribution by the
10 business entity or individual to a qualified scholarship organization must be made no later than one
11 hundred twenty (120) days following the approval of its application. If the contribution is part of a
12 two-year plan, the first year's contribution follows the general rule and the second year's
13 contribution must be made in the subsequent calendar year by the same date.

14 (e) The contributions must be those charitable contributions made in cash as set forth in
15 the Internal Revenue Code.

16 (f) Approvals shall be made available first to applications for the continued participation
17 of eligible students already attending qualified schools through the scholarship program described
18 in this section; provided that, the division of taxation may treat any contribution amount from a
19 single business or individual to support additional scholarships as a separate application.

20 (g) Approved tax credits shall be allowed to be used against the minimum tax for business
21 entities.

22 (h) Any unused approved tax credits for a business entity or individual may be carried
23 forward two (2) years.

24 **44-62-4. Calculation of tax credit and issuance of tax credit certificate.**

25 (a) When the contribution has been made as set forth in section 3 above, the business entity
26 or individual shall apply to the division of taxation for a tax credit certificate. The application will
27 include such information, documentation, and certification as the tax administrator deems proper
28 for the administration of this chapter including, but not limited to a certification by an independent
29 Rhode Island certified public accountant that the cash contribution has actually been made to the
30 qualified scholarship organization. For purposes of the proper administration of this section, an
31 independent Rhode Island certified public accountant shall be licensed in accordance with RIGL
32 5-3.1 and means a person, partnership, corporation, limited liability corporation that is not affiliated
33 with or an employee of said business entity or its affiliates and is not affiliated in any manner
34 whatsoever with a qualified scholarship organization or scholarship program as defined in § 42-62-

1 2 (a) — (j).

2 (b) The division of taxation will review the documentation submitted; calculate the tax
3 credit pertaining to the contribution, and prepare and mail a certificate for amount of credit to be
4 granted.

5 (c) Unless a two year contribution plan is in place, the credit, is computed at ~~seventy-five~~
6 ~~percent (75%)~~ eighty-five percent (85%) of the total voluntary cash contribution made by the
7 business entity.

8 (d) This credit is available against taxes otherwise due under provisions of chapters 11, 13,
9 14, 15, 17 or 30 of title 44.

10 (e)(1) A two year contribution plan is based on the written commitment of the business
11 entity or individual to provide the scholarship organization with the same amount of contribution
12 for two (2) consecutive tax years. The business entity or individual must provide in writing a
13 commitment to this extended contribution to the scholarship organization and the division of
14 taxation at the time of application.

15 (2) In the event that a two year contribution plan is in place, the calculation of credit for
16 each year shall be ~~ninety-percent (90%)~~ ninety-nine percent (99%) of the total voluntary
17 contribution made by a business entity or individual.

18 (3) In the event that, in the second year of the plan, a business entity's contribution falls
19 below the contribution amount made in the first year but the second year's contribution is eighty
20 percent (80%) or greater than the first year's contribution, the business entity shall receive a credit
21 for both the first and second year contributions equal to ~~ninety-percent (90%)~~ ninety-nine percent
22 (99%) of each year's contribution.

23 (4) If the amount of the second year contribution is less than eighty percent (80%) of the
24 first year contribution, then the credit for both the first and second year contributions shall be equal
25 to ~~seventy-five percent (75%)~~ eighty-five percent (85%) of each year's contribution. In such case,
26 the tax administrator shall prepare the tax credit certificate for the second year at ~~seventy-five~~
27 ~~percent (75%)~~ eighty-five percent (85%). The difference in credit allowable for the first year [~~90%~~
28 ~~—75% = 15%~~ 99%-85% = 14% x first year contribution] shall be recaptured by adding it to the
29 taxpayer's tax in that year.

30 (5) Contributions in the amount of seven hundred fifty thousand dollars (\$750,000) shall
31 fund scholarships for economically disadvantaged students and no more than two hundred fifty
32 thousand dollars (\$250,000) shall fund scholarships for pre-K students.

33 **44-62-6. Definitions.**

34 The following words and phrases used in this chapter shall have the meanings given to

1 them in this section unless the context clearly indicates otherwise:

2 (1) "Business entity" means an entity authorized to do business in this state and subject to
3 taxes imposed under chapters 44-11, 44-13, 44-14, 44-15 and 44-17 of the general laws. Business
4 entities also include Subchapter S Corporations, Limited Liability Partnerships, and Limited
5 Liability Corporations.

6 (2) "Division of taxation" means the Rhode Island division of taxation.

7 (3) "Individual" means a person or persons, single or married.

8 (4) "Eligible business entity" means any business entity whose application to make a
9 contribution to the program created by this chapter would be approved if said approval would not
10 exceed the limit described in § 44-62-3(b).

11 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO TAXATION -- TAX CREDITS FOR CONTRIBUTIONS TO SCHOLARSHIP
ORGANIZATIONS

1 This act would expand the eligible contributions from both a business entity and an
2 individual. This act would further provide for an increase in the annual aggregate amount available
3 for tax credits. This act would also increase the rate of tax credit for contributions made. This act
4 would also establish that seven hundred fifty thousand dollars (\$750,000) would fund scholarships
5 for economically disadvantaged students and no more than two hundred fifty thousand dollars
6 (\$250,000) would fund scholarships for pre-K students.

7 This act would take effect upon passage.

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